

**PUBLIC DISCLOSURE**

**November 23, 2009**

**MORTGAGE LENDER COMMUNITY INVESTMENT  
PERFORMANCE EVALUATION**

**PLAZA HOME MORTGAGE, INC.**

**ML 3292; ML 3293**

**5090 SHOREHAM PLACE  
SAN DIEGO, CA 92122**

**DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110**

<b>NOTE:</b>	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this mortgage lender. The rating assigned to this mortgage lender does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this mortgage lender.
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## GENERAL INFORMATION

Massachusetts General Laws chapter 255E, section 8 and the Division of Banks' ("Division") regulation 209 CMR 54.00, Mortgage Lender Community Investment ("MLCI"), require the Division to use its authority, when examining mortgage lenders subject to its supervision who have made 50 or more home mortgage loans in the last calendar year, to assess a mortgage lender's record of helping to meet the mortgage credit needs of the Commonwealth, including low- and moderate-income neighborhoods and individuals, consistent with the safe and sound operation of the mortgage lender. Upon conclusion of such examination, the Division must prepare a written evaluation of the mortgage lender's record of meeting the credit needs of the Commonwealth.

This document is an evaluation of the MLCI performance of **Plaza Home Mortgage, Inc. ("Plaza Home")** prepared by the Division, the mortgage lender's supervisory agency, as of **November 23, 2009**.

## SCOPE OF EXAMINATION

An evaluation was conducted using examination procedures as defined by MLCI. A review of the Division's records, as well as the mortgage lender's public MLCI file, did not reveal any complaints relating to Plaza Home's MLCI performance.

The MLCI examination included a comprehensive review and analysis, as applicable, of Plaza Home's:

- (a) origination of loans and other efforts to assist low and moderate income residents, without distinction, to be able to acquire or to remain in affordable housing at rates and terms that are reasonable considering the lender's history with similarly situated borrowers, the availability of mortgage loan products suitable for such borrowers, and consistency with safe and sound business practices;
- (b) origination of loans that show an undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units;
- (c) efforts working with delinquent residential mortgage customers to facilitate a resolution of the delinquency; and
- (d) other efforts, including public notice of the scheduling of examinations and the right of interested parties to submit written comments relative to any such examination to the Commissioner, as, in the judgment of the Commissioner, reasonably bear upon the extent to which a mortgage lender is complying with the requirements of fair lending laws and helping to meet the mortgage loan credit needs of communities in the Commonwealth.

MLCI examination procedures were used to evaluate Plaza Home's community investment performance. These procedures utilize two performance tests: the Lending Test and the Service Test. This evaluation considered Plaza Home's lending and community development activities for the period of January 2007 through December 2008, unless otherwise noted. The data and applicable timeframes for the Lending Test and the Service Test are discussed below.

The Lending Test evaluates the Mortgage Lender's community investment performance pursuant to the following five criteria: geographic distribution of loans, lending to borrowers of different incomes, innovative and flexible lending practices, fair lending, and loss of affordable housing. The MLCI evaluation includes an analysis of the mortgage loans reportable under the Home Mortgage Disclosure Act ("HMDA") for 2007 and 2008. The residential loan data was obtained from the Loan Application Registers ("LAR") maintained by Plaza Home pursuant to HMDA.

Home mortgage lending for 2007 and 2008 is presented in the following tables: geographic distribution, lending to borrowers of different incomes and the minority application flow. Comparative analysis is provided for the mortgage lender's 2008 lending performance as this is the most recent year for which aggregate HMDA lending data is available. The aggregate lending data is used for comparison purposes within the evaluation and is a measure of loan demand. It includes lending information from all HMDA reporting lenders which originated loans in Massachusetts.

In addition to gathering and evaluating statistical information relative to a mortgage lender's loan volume, the MLCI examination also reflects an in depth review of the entity's mortgage lending using qualitative analysis, which includes, but is not limited to: an assessment of the suitability and sustainability of the mortgage lender's loan products by reviewing the lender's internally maintained records of delinquencies and defaults as well as information publicly available through the Federal Reserve Banks and through local Registries of Deeds and through other sources available to the examination team. The examination included inspection of individual loan files for review of compliance with consumer protection provisions and scrutiny of these files for the occurrence of disparate treatment based on a prohibited basis.

The Service Test evaluates the mortgage lender's record of helping to meet mortgage credit needs by analyzing the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products, the extent and innovativeness of its community development services, and, if applicable, loss mitigation services to modify loans and/or efforts to keep delinquent home borrowers in their homes.

**MORTGAGE LENDER'S MLCI RATING: This Mortgage Lender is rated "Needs to Improve"**

The MLCI requires that certain categories of serious violations of consumer protection laws and regulations be considered in determining a final MLCI rating. The examination of Plaza Home revealed that serious violations of record retention regulations preventing a complete review of lending practices. The seriousness of this violation precluded the assignment of a Satisfactory rating; thus, an overall MLCI rating of Need to Improve was assigned.

- The geographic distribution of the lender's loans reflects a reasonable dispersion in low- and moderate-income census tracts.
- The distribution of borrowers reflects, given the demographics of Massachusetts, an adequate record of serving the credit needs among individuals of different income levels, including low- and moderate-income.
- The mortgage lender offers flexible lending programs.
- The mortgage lender had no Community Development services.
- Fair lending policies and practices are considered reasonable. No complaints were received during the evaluation period. However, a substantive violation of record retention regulations was noted precluding a complete review of non-originated loan files.

## **PERFORMANCE CONTEXT**

### **Description of Mortgage Lender**

Plaza Home was incorporated in California on May 1, 2001. The Division first granted Plaza Home a mortgage lender and broker license on January 23, 2006. The lender is a wholesale lender engaging in the organization and sale of first- and junior-lien residential mortgage loans, secured primarily by one-to-four family residential properties, to consumers of sound credit quality. Loan originations are processed and documented at the lender's main office in San Diego, California. Approved loans are funded through a warehouse line of credit with CHL, Credit Suisse or GMAC and are generally sold, on a servicing-released basis, to secondary market investors such as Bank of America, Bank One, Wells Fargo, Generation Mortgage, James B. Nutter, Fannie Mae and Freddie Mac. Plaza Home originates all business through a network of mortgage brokers and originators. Brokers submit applications electronically through Plaza Home's secured website to regional processing centers. Plaza Home then provides the credit decision to the broker within 30 days of receipt of the application. The lender is licensed in forty-three states and currently has one branch location in Massachusetts located at 500 Edgewater Drive in Wakefield.

The lender is a Direct Endorsed lender for the Federal Housing Administration and the Veteran's Administration.

For the examination period, 2007 and 2008, Plaza Home originated 975 loans totaling \$245 million in Massachusetts.

### **Demographic Information**

The MLCI regulation requires mortgage lenders to be evaluated on their performance within the Commonwealth of Massachusetts. Demographic data is provided below to offer contextual overviews of economic climate along with housing and population characteristics for the Commonwealth of Massachusetts.

<b>DEMOGRAPHIC INFORMATION*</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A
Geographies (Census Tracts)	1,361	8.4	21.7	46.1	23.4	0.4
Population by Geography	6,349,097	5.8	20.5	47.6	26.0	0.1
Owner-Occupied Housing by Geography	1,508,248	1.6	12.8	54.0	31.6	0.0
Family Distribution by Income Level	1,587,537	20.5	17.7	22.3	39.5	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	606,419	10.0	29.4	46.2	14.4	0.0
Median Family Income		\$65,318	Median Housing Value		\$209,519	
2008 HUD Adjusted Median Family Income		\$78,886	Unemployment Rate		9.4%**	
Households Below Poverty Level		9.8%				

\*Source: PCI Corporation Inc., CRA Wiz, Data Source: 2000 US Census

\*\*as of 12/09

Based on 2000 Census data, the Commonwealth of Massachusetts has a total population of just over 6.3 million people and a total of 2.6 million housing units. Of the total housing units, 1.5 million or 57.5 percent are owner-occupied, 935,332 or 35.7 percent are rental-occupied, and 6.8 percent are vacant units.

Low-income is defined as less than 50 percent of Median Family Income ("MFI"), moderate-income is 50 percent to less than 80 percent of the MFI, middle-income is 80 percent to less than 120 percent of the MFI, and upper-income is 120 percent and greater of the assessment area MFI.

There are 2.4 million households in the Commonwealth with a median household income of \$53,686 according to the 2000 Census. Over 40 percent of the households are classified as low- and moderate-income. In addition, 9.8 percent of the total number of households are living below the poverty level. Individuals in these categories may find it challenging to qualify for traditional mortgage loan products.

Households that are families total slightly over 1.5 million. Of all family households, 20.5 percent are low-income, 17.7 percent are moderate-income, 22.3 percent are middle-income, and 39.5 percent are upper-income. The median family income according to the 2000 census was \$65,318. The Housing and Urban Development ("HUD") adjusted median family income is \$78,886. The adjusted median family income is updated yearly and takes into account inflation and other economic factors.

The Commonwealth of Massachusetts contains 1,361 census tracts. Of these, 114 or 8.4 percent are low-income; 295 or 21.7 percent are moderate-income; 628 or 46.1 percent are middle-income; 319 or 23.4 percent are upper-income; and 5 or 0.4 are NA or have no income designation. The five census tracts with no income designation are located in Bridgewater (a correctional facility), Boston (islands in Boston Harbor), Amherst (University of Massachusetts campus), Harvard (Fort Devens), and Grafton (Tufts Veterinary School). These census tracts contain no housing units and will not be included in this evaluation since they provide no lending opportunities.

The median housing value for Massachusetts was \$209,519 according to the 2000 Census. Recent figures from the Warren Group, publishers of the Banker and Tradesman, show that the median price for a single-family dropped 11.6 percent from \$345,000 in 2007 to \$305,000 in 2008, a five-year low. Fluctuating housing values have a direct effect on the types of financial products adequate for homeowners and property buyers.

The unemployment rate for Massachusetts as of December 2009 was 9.4 percent. This represents an increase from the end of 2008 when the unemployment rate stood at 6.4 percent, up from the 4.5 percent at the end of 2007. Employment rates would tend to affect a borrower's ability to remain current on mortgage loan obligations and also correlates to delinquency and default rates.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

Plaza Home's Lending Test performance was rated an overall "Needs to Improve" due to the aforementioned Fair Lending record retention violation. Plaza Home's lending efforts are rated under the five performance criteria: Geographic Distribution, Borrower Characteristics, Innovative or Flexible Lending Practices, Fair Lending Policies and Procedures, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the mortgage lending of Plaza Home.

#### ***I. Geographic Distribution***

The geographic distribution of loans was reviewed to assess how Plaza Home is addressing the credit needs throughout the Commonwealth of Massachusetts' low-, moderate-, middle-, and upper-income census tracts.

The mortgage lender's geographic distribution of loans reflects a reasonable dispersion of loans in the Commonwealth.

The following table presents Plaza Home's HMDA reportable loans as well as the 2008 aggregate data (excluding Plaza Home). In addition, the table also reflects the percentage of owner-occupied housing units in each of the census tract income categories.

Plaza Home's distribution of lending in the Commonwealth when compared to the demographics and aggregate lending data was adequate. The dispersion of lending in the Commonwealth includes low- and moderate-income geographies. The table below shows the distribution of HMDA-reportable loans by census tract income.

<b>Distribution of HMDA Loans by Income Category of the Census Tract</b>								
<b>Census Tract Income Level</b>	<b>% Total Owner-Occupied Housing Units</b>	<b>Plaza Home 2007</b>		<b>Plaza Home 2008</b>		<b>Aggregate Lending Data (% of #) 2008 #</b>	<b>Plaza Home Total</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>#</b>	<b>%</b>
<b>Low</b>	1.6	22	4.5	9	1.9	2.2	31	3.2
<b>Moderate</b>	12.8	136	27.5	82	17.0	14.2	218	22.3
<b>Middle</b>	54.0	241	48.8	300	62.4	51.9	541	55.5
<b>Upper</b>	31.6	95	19.2	90	18.7	31.7	185	19.0
<b>Total</b>	<b>100.0</b>	<b>494</b>	<b>100.0</b>	<b>481</b>	<b>100.0</b>	<b>100.0</b>	<b>975</b>	<b>100.0</b>

*Source: 2007 and 2008 HMDA Data and 2000 U.S. Census*

As reflected in the table above, the largest share of the residential loans was originated in middle-income census tracts. This is expected given that 54.0 percent of the area's owner-occupied housing units are in the middle-income census tracts. Plaza Home's lending in low-income tracts was slightly below the aggregate's lending in those tracts in 2008 and showed a decrease from the prior year. Plaza Home's lending in moderate-income census tracts is notable at 17.0 percent, above the aggregate at 14.2 percent.

Plaza Home has seen a slight decline in the volume of total originations from 494 in 2007 to 481 in 2008. There was also a decline in the lending in low- and moderate-income tracts. The decline in lending can be attributed to the decline in home values and sales in the last two years as well as the tightening of credit availability. Overall, the geographic distribution of residential loans reflects a reasonable dispersion throughout the Commonwealth.

## **II. Borrower Characteristics**

The distribution of loans by borrower income levels was reviewed to determine the extent to which the mortgage lender is addressing the credit needs of the Commonwealth's residents. Plaza Home has a good record of serving the mortgage credit needs of borrowers of different income levels based on the area's demographics and a comparison to aggregate lending data in Massachusetts.

The following table shows, by number, HMDA reportable loans to low, moderate, middle and upper-income borrowers in comparison to the aggregate and the percentage of total families within the Commonwealth in each respective income group.

<b>Distribution of HMDA Loans by Borrower Income</b>								
<b>Median Family Income Level</b>	<b>% Families</b>	<b>Plaza Home 2007</b>		<b>Plaza Home 2008</b>		<b>Aggregate Lending Data (% of #) 2008</b>	<b>Plaza Home Total</b>	
		<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>#</b>	<b>%</b>
<b>Low</b>	20.5	17	3.5	29	6.0	5.0	46	4.8
<b>Moderate</b>	17.7	58	11.7	117	24.3	16.9	175	17.9
<b>Middle</b>	22.3	128	25.9	152	31.6	23.8	280	28.7
<b>Upper</b>	39.5	213	43.1	152	31.6	37.9	365	37.4
<b>NA*</b>	0.0	78	15.8	31	6.5	16.4	109	11.2
<b>Total</b>	<b>100.0</b>	<b>494</b>	<b>100.0</b>	<b>481</b>	<b>100.0</b>	<b>100.0</b>	<b>975</b>	<b>100.0</b>

*Source: 2007 and 2008 HMDA Data and 2000 U.S. Census, \* Income Not Available*

As reflected in the table above, the largest share of the residential loans was originated to upper and middle-income borrowers. This is expected given that 61.8 percent of the area's families fall into one of those categories. Plaza Home's lending to low- and moderate-income borrowers was above the aggregate's lending to those borrowers in 2008. The strong percentage of lending to moderate-income borrowers is excellent given the area's demographics and also exceeded the aggregate at 16.9 percent.

Plaza Home's lending volume in 2008 decreased compared to that of 2007. However, in 2008 the mortgage lender originated a significantly higher percentage of loans to low- and moderate-income borrowers when compared to its 2007 lending performance.

## **III. Innovative or Flexible Lending Practices**

Plaza Home offers innovative or flexible lending products, which are provided in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

The lender is direct endorsed by HUD to underwrite FHA insured mortgages. The variety of FHA products offered by Plaza Home provides competitive interest rates and requires smaller down payments for low- and moderate-income first time homebuyers and existing homeowners.



Plaza Home does not offer any non-traditional mortgage products, however the Lender offers VA-guaranteed Interest Rate Reduction Refinancing Loans (IRRRLs) and FHA-insured Streamline Refinance loans which are not subject to verification of income or employment and do not require verification of assets unless the applicant falls under Section 35.

IRRRL are VA guaranteed loans made to refinance an existing VA-guaranteed loan, generally at a lower interest rate than the existing VA loan, and with lower principal and interest payments than the existing VA loan. Generally, no appraisal, credit information or underwriting is required on an IRRRL, and any lender may close an IRRRL automatically. In 2008, Plaza Home closed 15 VA loans totaling \$3.9 million dollars.

FHA Streamline 203(k) – A federally insured program offered through HUD which provides borrowers an affordable, stable financing solution that combines the purchase or refinance of the home along with the costs of improvements (up to \$35,000) into a single loan. In 2007, Plaza Home originated 26 FHA Loans totaling \$6.8 million dollars. In 2008, Plaza Home originated 171 FHA loans totaling nearly \$42 million dollars.

USDA Home Loans - Are offered in rural areas as determined by the United States Department of Agriculture (USDA). The USDA's mission is to help lower income households obtain home loans at reasonable mortgage rates. These loans offer many advantages to qualified borrowers such as 100% financing, no monthly mortgage insurance and no asset or automatic reserve requirements. Plaza Home offers and has closed USDA loans in Rhode Island but has not closed any in Massachusetts as of this evaluation.

#### ***IV. Fair Lending***

The Division examines a mortgage lender's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-103 and Regulatory Bulletin 5.3-101. The mortgage lender's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. The review included, but was not limited to, review of written policies and procedures, interviews with mortgage lender personnel, and individual file review.

Plaza Home's compliance with the laws relating to discrimination and other illegal credit practices was reviewed. Plaza Home has established fair lending policies which outline the steps to ensure that all applicants are treated in a fair manner. No evidence of discriminatory or other illegal credit practices were identified. However, it is noted that due to a substantive violation of record retention regulations, a complete review was precluded.

The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Plaza Home has a written Fair Lending Policy. Included in this policy are the mortgage lender's efforts to eliminate discrimination in all aspects of lending, as well as to provide guidance to Plaza Home employees on how to comply with fair lending policies and procedures. Plaza Home provides fair lending training to all employees at least annually along with other applicable compliance training. Staff members are also notified of regulatory changes and updates through memoranda.

All employees are provided with training appropriate to their job description and their responsibilities in fair lending issues. This includes information regarding both technical requirements that come into play, as well as the more substantive and subtle issues related to unintentional discrimination and quality of assistance.

Plaza Home's second review practice consists of a look at all applications that are slated for denial to ensure that credit policies are universally applied in the underwriting process. While most of the second reviews are conducted locally, at the branch level, some are brought to the corporate office for another review if they involve more complex transactions on certain multi-family loans, and investment properties.

## MINORITY APPLICATION FLOW

Plaza Home's LARs for 2007 and 2008 were reviewed to determine if the application flow from the different racial and ethnic groups within Plaza Home's assessment area was reflective of the area's demographics. Massachusetts contains 6.3 million individuals, 1.2 million or 18.1 percent are minorities. Massachusetts' minority and ethnic population is 0.2 percent Native American, 3.7 percent Asian, 5.0 percent African American, 6.8 percent Hispanic or Latino and 2.4 percent other.

For 2007 and 2008, Plaza Home received 2,397 HMDA reportable loan applications from within the Commonwealth of Massachusetts. Of these applications, 385 or 16.1 percent were received from minority applicants, of which 119 or 30.9 percent resulted in originations. Plaza Home received 361 or 15.0 percent of HMDA reportable applications from ethnic groups of Hispanic origin within its assessment area of which 104 or 28.8 percent were originated. The approval rate for White applicants was 42.9 percent. These low approval percentages are indicative of a lender that takes a very high number of applications.

Refer to the following table for information on the mortgage lender's minority application flow as well as a comparison to the aggregate lenders throughout the Commonwealth of Massachusetts. The comparison of this data assists in deriving reasonable expectations for the rate of applications the mortgage lender received from minority applicants.

MINORITY APPLICATION FLOW								
RACE	Plaza Home 2007		Plaza Home 2008		2008 Aggregate Data		Plaza Home Total	
	#	%	#	%	#	%	#	%
<i>American Indian/ Alaska Native</i>	3	0.2	3	0.3	688	0.2	6	0.3
<i>Asian</i>	27	2.0	24	2.3	11,781	3.5	51	2.1
<i>Black/ African American</i>	192	14.3	106	10.0	11,649	3.5	298	12.4
<i>Hawaiian/Pac Isl.</i>	9	0.7	1	0.1	640	0.2	10	0.4
<i>2 or more Minority</i>	0	0.0	0	0.0	279	0.1	0	0.0
<i>Joint Race (White/Minority)</i>	10	0.8	10	0.9	3,191	0.9	20	0.9
<b>Total Minority</b>	<b>241</b>	<b>18.0</b>	<b>144</b>	<b>13.6</b>	<b>28,228</b>	<b>8.4</b>	<b>385</b>	<b>16.1</b>
<i>White</i>	1,012	75.6	902	85.3	233,496	69.6	1,914	79.8
<i>Race Not Available</i>	86	6.4	12	1.1	73,896	22.0	98	4.1
<b>Total</b>	<b>1,339</b>	<b>100.0</b>	<b>1,058</b>	<b>100.0</b>	<b>335,620</b>	<b>100.0</b>	<b>2,397</b>	<b>100.0</b>
ETHNICITY								
<i>Hispanic or Latino</i>	<b>257</b>	<b>19.2</b>	<b>77</b>	<b>7.3</b>	<b>13,176</b>	<b>3.9</b>	<b>334</b>	<b>13.9</b>
<i>Not Hispanic or Latino</i>	975	72.8	961	90.8	245,602	73.2	1,936	80.8
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	<b>10</b>	<b>0.8</b>	<b>17</b>	<b>1.6</b>	<b>2,627</b>	<b>0.8</b>	<b>27</b>	<b>1.1</b>
<i>Ethnicity Not Available</i>	97	7.2	3	0.3	74,215	22.1	100	4.2
<b>Total</b>	<b>1,339</b>	<b>100.0</b>	<b>1,058</b>	<b>100.0</b>	<b>335,620</b>	<b>100.0</b>	<b>2,397</b>	<b>100.0</b>

Source: PCI Corporation, CRA Wiz, Data Source: 2000 U.S. Census Data

Plaza Home's 2008 performance is well above the aggregate's performance for both racial and ethnic minority applicants. Plaza Home received 13.6 percent of their applications from racial minorities while the aggregate received 8.4 percent. The mortgage lender also received 8.9 percent from ethnic minorities while the aggregate received 4.7 percent. Although the number of applications decreased in 2008, Plaza Home received a high percentage of applications from racial and ethnic minorities.

Plaza Home's minority application flow is satisfactory when compared to the aggregate's lending performance levels and the demographics of Massachusetts.

## ***V. Loss of Affordable Housing***

This review concentrated on the suitability and sustainability of mortgage loans originated by Plaza Home by taking into account delinquency and default rates of the mortgage lender and those of the overall marketplace. Information provided by the lender was reviewed as were statistics available on delinquency and default rates for mortgage loans. Additionally, individual mortgage loans were tracked for their status through local Registries of Deeds and other available public records of foreclosure filings.

An extensive review of information and documentation, from both internal and external sources as described above, did not reveal lending practices or products that showed an undue concentration or a systematic pattern of lending, including a pattern of early payment defaults, resulting in the loss of affordable housing units. Further, delinquency rates were found to be consistent with industry averages.

## **SERVICE TEST**

The service test evaluates a mortgage lender's record of helping to meet the mortgage credit needs in the Commonwealth by analyzing both the availability and effectiveness of a mortgage lender's systems for delivering mortgage loan products; the extent and innovativeness of its community development services; and loss mitigation services to modify loans or otherwise keep delinquent home loan borrowers in their homes. Community development services must benefit the Commonwealth or a broader regional area that includes the Commonwealth.

Plaza Home's Service Test performance was determined to be rated "Needs to Improve" at this time.

### **Mortgage Lending Services**

The Commissioner evaluates the availability and effectiveness of a mortgage lender's systems for delivering mortgage lending services, pursuant to the following criteria:

- (a) the availability and effectiveness of systems for delivering mortgage lending services (e.g., Internet, telephone solicitation, direct mail) in low- and moderate-income geographies and to low- and moderate-income individuals, including, to the extent applicable, the current distribution of the mortgage lender's branches among low-, moderate-, middle-, and upper-income geographies;
- (b) efforts to work with delinquent home mortgage loan borrowers to facilitate a resolution of the delinquency, including the number of loan modifications, the timeliness of such modifications, and the extent to which such modifications are effective in preventing subsequent defaults or foreclosures; and
- (c) the range of services provided in low-, moderate-, middle-, and upper- income geographies and the degree to which the services are tailored to meet the needs of those geographies.

As Plaza Home does not routinely service mortgage loans, it would not work directly with delinquent borrowers. Therefore, this review would not include an evaluation of loan mitigation and modification efforts as the mortgage lender would not be accountable for such action. However, as described above, lending practices and products did not show an undue concentration or a systematic pattern of lending resulting in mortgage loans that were not sustainable.

Plaza Home receives applications from licensed mortgage brokers and does not advertise. Industry announcements are published via e-mails to brokers who have opted to receive them and on Plaza Home's website for reference.

## **Community Development Services**

Community development means:

- (a) Mortgage products and other efforts to assist low- and moderate-income individuals to acquire or remain in affordable housing;
- (b) community services targeted to low- and moderate-income individuals;
- (c) Activities that revitalize or stabilize -
  - (1) Low- or moderate-income geographies;
  - (2) Designated disaster areas; or
  - (3) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency; or
  - (4) Any other such area as determined by the Commissioner based on -
    - (A) Rates of poverty, unemployment, and population loss; or
    - (B) Population size, density, and dispersion. Activities revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community and economic development needs, including needs of low- and moderate-income individuals.

A community development service is a service that:

- (a) has as its primary purpose community development; and
- (b) is related to the provision of financial services, including technical services

The Commissioner evaluates community development services pursuant to the following criteria:

- (a) the extent to which the mortgage lender provides community development services; and
- (b) the innovativeness and responsiveness of community development services.

Plaza Home does not have contact with its borrowers as a wholesale lender and therefore does not participate in any borrower credit counseling or community development services.

## **Qualified Investments**

A Qualified Investment for the purposes of this MLCI evaluation is a lawful investment, deposit, membership share, or grant that has as its primary purpose community development. The evaluation considered (1) the number of investments and grants, (2) the extent to which community development opportunities have been made available to the institution, and (3) the responsiveness of the institution's community development grants to the assessment area's needs.

Additional focus and commitment by Plaza Home should be employed by taking a strong leadership role in other community development activities. Other activities may include, but not necessarily be limited to: financial literacy education initiatives targeted to low- and moderate-income individuals; and foreclosure prevention counseling and/or technical assistance to community organizations implementing such programs.

## **PERFORMANCE EVALUATION DISCLOSURE GUIDE**

Massachusetts General Laws Chapter 255E, Section 8, and 209 CMR 54.00, the Mortgage Lender Community Investment (MLCI) regulation, requires all mortgage lenders to take the following actions within 30 business days of receipt of the MLCI evaluation of their mortgage lender:

- 1) Make its most current MLCI performance evaluation available to the public;
- 2) Provide a copy of its current evaluation to the public, upon request. In connection with this, the Mortgage Lender is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the mortgage lender's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The Mortgage Lender is encouraged to include its response to the evaluation in its MLCI public file.

The Division of Banks will publish the mortgage lender's Public Disclosure on its website no sooner than 30 days after the issuance of the Public Disclosure.